

To Our Shareholders



William T. Kerr
Chairman of the Board



Stephen M. Lacy
President and
Chief Executive Officer

In fiscal 2007, Meredith delivered the highest earnings in our 105-year history.

We produced a strong 16 percent growth in earnings per share. Income from operations rose 8 percent to \$288 million, and earnings before interest, taxes, depreciation and amortization (EBITDA) also increased 8 percent to \$337 million. Total revenues increased 3 percent to \$1.6 billion, including a 6 percent increase in advertising revenues.

Our Publishing Group posted solid advertising growth, particularly in the second half of the year,

led by key brands such as *Better Homes and Gardens*, *Family Circle* and *More*. Our Broadcasting Group delivered improved profit margins by strengthening ratings and producing record political advertising revenues. Online revenues and audience metrics soared across all lines of business, and we positioned ourselves for future growth through key strategic investments, particularly in the online and broadband areas.

We continued to return capital to our shareholders through dividends and share repurchases. In January 2007, the Board of Directors raised the quarterly dividend rate 16 percent, following a 14 percent increase the year before. Meredith repurchased 1.1 million shares in fiscal 2007. As of September 1, 2007, there were 2.7 million shares outstanding under current repurchase authorizations.

For a more detailed analysis of our financial performance and that of our operating groups, we encourage you to read the Form 10-K included in this report.

Meredith's reach extends across 25 subscription magazines, 13 broadcast television stations, over 40 web sites, approximately 180 special interest publications, more than 400 books, and custom marketing programs for some of America's largest companies. Additionally, we operate an 85-million-name consumer database, which includes at least 300 data points on seven out of ten home-owning households in the United States.

Today, consumers are increasingly willing and able to choose how and when they access media. We have embraced these trends by developing and successfully executing clear strategies for growth, increasing earnings per share at an 18 percent compound annual growth rate from fiscal 2004 to fiscal 2007.

We continue to invest in existing and new media platforms, further empowering our consumers while aggregating meaningful audiences for advertisers. Our fiscal 2007 performance reflected operational and managerial strengths that have made Meredith one of America's top performing media companies.

Going forward, we will pursue the following growth strategies.

- First, we will strengthen our publishing businesses and brands.
- Second, we will capture the margin upside at our television stations and capitalize on our video content and production capabilities.
- Third, we will enhance our growing online presence to serve increasing numbers of consumers and advertisers alike.



Strengthening Publishing Businesses and Brands

Meredith is clearly the leading publisher serving women, reaching 75 million women every month and easily surpassing the female reach of our competitors. From new home owners to new mothers to affluent empty nesters, we reach a wide spectrum of consumers across life's stages. We provide the information and inspiration that fuels their key passions in the areas of home, family and their health and well-being.

In *Better Homes and Gardens*, *Ladies' Home Journal*, *Family Circle* and *Parents*, we own four of the most vibrant and recognized brands in the industry. Many of our other titles have tremendous upside potential, especially *More*, *Fitness* and *Siempre Mujer*, our Spanish language lifestyle magazine. During the year, we achieved several accomplishments that further establish our reputation as the leading publisher serving women.

Our flagship title, *Better Homes and Gardens*, surged in the second half of fiscal 2007, as initiatives implemented by the new creative and sales leadership took hold. A mid-year redesign was well-received by readers and advertisers alike. Second-half advertising revenues increased more than 10 percent, and overall fiscal 2007 net revenues per advertising page increased more than 3 percent.

Family Circle continues to thrive under Meredith ownership, regaining a prominent position in the women's service field. Its advertising revenues increased 18 percent in fiscal 2007.

More continued to be a major creative and financial success. Advertising revenues rose approximately 25 percent for the second consecutive fiscal year, net revenues per advertising page increased nearly 10 percent, and operating profit nearly doubled. *More* received two noteworthy industry accolades, being named "Magazine of the Year" by *Advertising Age* and to *Adweek's* annual Hot List.

Meredith's Special Interest Publications posted a

Enhancing Our Capabilities

Over the past two years, we have made a series of strategic acquisitions to enhance and expand our online capabilities.

April 2006

O'GRADY \ MEYERS
INTERACTIVE AGENCY

O'Grady Meyers

Capabilities: online customer relationship management strategy, online promotions and E-branding. Focus on consumer packaged goods companies.

January 2007



Genex

Capabilities: Web site design, online customer relationship management, E-commerce. Focus on automotive and financial companies.

New Media Strategies



Capabilities: Word-of-mouth marketing campaigns and online brand promotion. Strong presence in entertainment and public affairs industries.

June 2007



Healia

Capabilities: Health-focused consumer search engine. Makes health-related searches easier and more efficient.

strong year due to product improvements and newsstand efficiencies. Advertising revenues increased over 10 percent and operating profit climbed significantly.

Turning to circulation, our long-term direct-to-publisher subscription model continued to produce strong profit contribution in fiscal 2007. We've made good progress transitioning the titles purchased two years ago from Gruner + Jahr to the more profitable long-term circulation model. The direct-to-publisher component of the subscription file for these titles is now approximately 55 percent, compared to 30 percent when they were acquired.



Meredith's Hispanic business, led by women's lifestyle title *Siempre Mujer*, increased advertising revenues more than 15 percent. While this emerging category still represents a fraction of our overall revenues, we are very encouraged by the strides we are making at reaching this fast-growing demographic.

We further expanded our reach to younger women, acquiring *ReadyMade* in November, 2006. An up-and-coming brand, *ReadyMade* appeals to readers in their 20s and 30s who are environmentally conscious and interested in do-it-yourself projects.

In addition to our magazine properties, we operate a powerful and fast-growing custom marketing business serving corporate clients. We create customer relationship marketing programs designed to improve loyalty and produce repeated consumer interaction with the brands. In July, we were awarded the Kraft Food and Family business. This is one of the largest custom marketing programs of its kind, reaching 10 million customers five times a year. We are very proud to become Kraft's marketing partner.

Developing Meredith Video Solutions

Meredith Video Solutions produces broadcast quality video and secures distribution across multiple platforms. Its scope includes production of the Meredith broadband video network, currently comprised of Better.tv and Parents.tv.



Better.tv

Launched in April, Better.tv draws content from *Better Homes and Gardens*, *Ladies' Home Journal* and *More*. Better.tv can be found on:

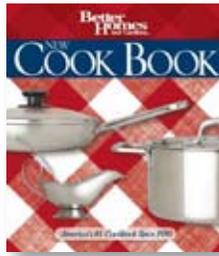
- Better.tv channel on the Internet
- Video player on BHG.com
- Better daily lifestyle show broadcast at our stations
- Syndication to other station groups



Parents.tv

Parents.tv debuted in July and is backed by the brand authority of *Parents*, *American Baby*, *Family Circle* and *Child*. It can be found on:

- Parents.tv channel on the Internet
- Video player on Parents.com
- Better daily lifestyle show broadcast at our stations



Capture Margin Upside in Broadcasting

Meredith Broadcasting generated a record \$33 million in net political advertising revenues in fiscal 2007, a 75 percent increase over the prior presidential election cycle. In addition to strong performances by our CBS and NBC affiliates, we benefited from a concerted effort to court political dollars in our FOX markets as well.

Local non-political advertising revenues climbed 4 percent, thanks in part to our promotions in conjunction with Meredith magazine brands. Revenues from these initiatives were up more than 15 percent, while revenues from market-specific promotions increased almost 25 percent.

Meredith Broadcasting has now outpaced overall industry advertising revenue growth for six consecutive years. This reflects well on the strong local news culture we've developed. In less than a decade, for example, we have more than doubled the amount of weekly news hours produced locally, from 150 to over 300 hours per week.

In fiscal 2007, we placed particular emphasis on morning news programming, the fastest-growing time of the day in terms of viewers and advertising revenues. In the past year we have launched morning newscasts in Atlanta and Greenville, and added an extra hour of morning programming at our second Kansas City station, KSMO. Seven of our stations – Atlanta, Phoenix, Portland, Hartford, Nashville, Greenville and Las Vegas – posted gains in morning news in the May 2007 rating book, with Las Vegas up more than 70 percent.

Also in fiscal 2007, Meredith Video Solutions launched our two new broadband video networks – Better.tv and Parents.tv. These innovative channels are the result of collaboration in which content from our magazine brands is transformed into original video that can

be viewed and downloaded by visitors. We're also repurposing this content at our broadcasting stations.

Better.tv features more than 1,000 videos across 20 channels with topics including food, family, fitness, decorating, gardening and health. Parents.tv features helpful videos such as teaching parents how to properly bathe their baby to how they can best help their child learn to ride a bike.

We are monetizing the broadband network with advertising spots, exclusive and non-exclusive sponsorships, and custom video projects.

The expansion of local news, improved ratings and monetization of those ratings represent the foundation of our strategy to improve profit margins. These initiatives and others resulted in EBITDA margin improvement from 35.8 percent in fiscal 2006 to 37.7 percent in fiscal 2007.

Growing Audience Share

Morning News

Market	May 2007	May 2002	% Change
Portland - FOX	33	17	+94%
Las Vegas - FOX	12	7	+71%
Hartford - CBS	34	30	+13%
Nashville - NBC	24	20	+20%
Kansas City - CBS	16	14	+14%

Nielsen – May 2002 and 2007 adults 25-54 audience share Monday-Friday 6-7 a.m. morning news.



Growing Our Online Presence

We have built a strong online presence that extends our brands beyond our traditional Publishing and Broadcasting platforms.

At our Publishing Web sites, average monthly unique visitors were approximately 10 million and average time spent increased nearly 15 percent to 11 minutes. We secured over 2.8 million orders in fiscal 2007, an increase of nearly 40 percent. Advertising revenues increased approximately 50 percent.

We relaunched BHG.com, adding significant community applications, useful tools and video anchored by Better.tv. Today the site attracts approximately 5 million unique visitors and averages 75 million page views each month.

We completed work on a new online portal, Parents.com, for our Parenthood brands, launched in July.

Our television station sites also experienced strong growth in average monthly page views – up more than 60 percent – and in unique visitors – up nearly 40 percent. Online revenues increased more than 130 percent over the prior year, albeit on a smaller basis than our Publishing sites. All of our Broadcasting station Web sites were expanded and enhanced during fiscal 2007.

We purchased three Web-related businesses in fiscal 2007. Two of them, New Media Strategies and Genex, add meaningful new capabilities to our custom marketing business. The third, Healia, is a consumer search engine focused on making health-related searches better and faster. The Healia acquisition advances our strategy of increasing our presence in the women’s health and well-being media category.

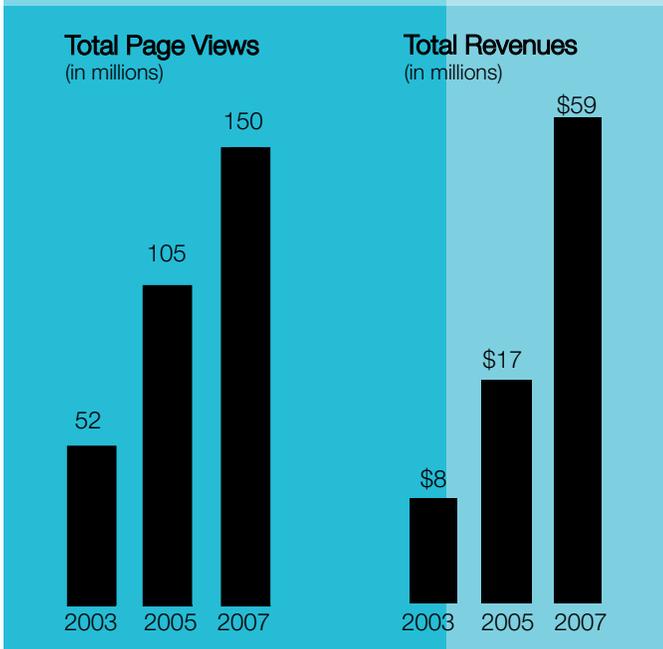
Companywide, online revenues accounted for 3.7 percent of Meredith’s overall revenues in fiscal 2007, up from 1.7 percent last year. We have set a goal to generate 10 percent of the Company’s revenues from online sources by 2010. We plan to achieve this growth both organically and through select acquisitions.

We are very proud to have delivered record earnings in fiscal 2007, and remain committed to delivering strong financial results and increasing shareholder value.

We have an excellent team of talented professionals at Meredith who are focused on exceeding the expectations of our consumers, marketers and investors alike. We look forward to building on our strong momentum in fiscal 2008, and on behalf of Meredith’s 3,300 employees, we thank you for your trust and support.

Growing Our Online Presence

The Internet is an increasingly important platform for Meredith to reach consumers. It is also a growing source of revenues.



William T. Kerr
William T. Kerr
Chairman

Stephen M. Lacy
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President and CEO